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MCAP, VE, RS, FR, BL
SUBJECT: EVO RETURNS FROM RUSSIA WITH LOVE, PROMISES

REF: A. LA PAZ 271
[1](#)B. LA PAZ 267

Classified By: A/EcoPol Chief Brian Quigley for reasons 1.4 (b)(d)

[1](#)1. (C) Summary: Bolivian President Evo Morales returns from his Moscow/Paris trip February 18 basking in Russian and French goodwill, but with only promises of deals to come on counternarcotics, gas exploration, and lithium industrialization. Although the gas deal is potentially huge (up to \$4.5 billion), it is unclear what exactly Russia's Gazprom committed to. Morales threat against Gazprom's partner in Bolivia, France's Total, to "guarantee" adherence to their contracts with Bolivia further obscured the issue. Russia's counternarcotics (CN) agreement with Morales contains a promise to try and make a deal to provide helicopters at some future date and to provide unspecified CN training and exchanges. Morales' assertion that the French would help underwrite a potential helicopter deal with Eurocopter calls at least the magnitude of the Russian deal into question. Despite Russian President Dimitri Medvedev's assertion the Bolivian agreements were not an attack on the United States, he and Morales never-the-less blasted the U.S. on Cuba, NATO, and European missile defense. End Summary.

Promises, Promises

[1](#)2. (C) Bolivian President Evo Morales and Russian President Dimitri Medvedev signed a series of cooperative agreements to fight narcotrafficking and advance Bolivia's exploitation of natural gas in Moscow February 16. The two presidents also signed a memorandum of intent to provide assistance for natural disasters and a declaration emphasizing their agreement on a variety of global issues, including the right to peaceful nuclear energy, opposition to the U.S. embargo on Cuba, plans for a missile shield in Europe, and NATO expansion. Despite the fanfare (the signing ceremony received heavy media coverage, including CNN), the CN agreement and declaration appear more symbolic than

substantive, with few known concrete deliverables.

Agreeing to Try to Agree to a Helicopter Deal

¶3. (U) Medvedev announced the agreement "contemplated" joint counternarcotics operations, development of CN contacts, and CN training. Although the provision of Russian helicopters was not explicitly provided for in the counternarcotics agreement, Medvedev assured that Russia and Bolivia would conclude an agreement "soon" to provide helicopters. Although press estimates of the final number of helicopters in the deal range wildly from two to twenty, Russia's top arms sales official, Mikhail Dmitriyev, suggested publicly the number would be fewer than 20 and our contacts have suggested an initial order under six.

Bolivia to Uncle Sam: Take it Personally

¶4. (U) Medvedev said that Russia is "prepared for broad cooperation with Latin American countries and, of course, with our Bolivian friends." Medvedev emphasized the agreements with Bolivia do not signify a "competition with anyone," apparently attempting to assuage fears that Russia wants to reignite Cold War rivalries with the United States in the Western Hemisphere. Despite Medvedev's assurances, Bolivian state news agency ABI claimed the counternarcotics deal "establishes the mechanisms of cooperation for the fight against drugs ... that have been disregarded by the United States." In the same article, ABI lauded the Morales administration's eradication of 20,000 hectares between 2006 and 2008 (without crediting USG assistance) and asserted Bolivia had started discounting U.S. counternarcotics assistance in late 2008. (Note: Before leaving on his Russian trip, Morales publicly disparaged NAS CN efforts; septel. End Note.)

MFA Insider: Morales Walking into Russian "Mousetrap"

¶5. (C) A senior aide to Foreign Minister David Choquehuanca told PolOff that the Russian agreement is a "mouse trap for Bolivia." He contended the Russians were already using counternarcotics as a pretext to sell Bolivia military hardware and "bring in the Russian mafia," already well established in Bolivia's gambling industry, to "help control" Bolivian narcotrafficking. He said by the time Morales and Choquehuanca, who "want to believe in this fantasy (that other countries can replace USG CN efforts)," realize they have been bamboozled, "it will be too late."

Russia Meets Morales the Victim

¶6. (U) Morales heralded his visit, the first ever by a Bolivian head of state to Moscow, as an "unprecedented event." Shifting to humility, Morales said he was heartened the Russian hospitality: "When I arrived, I thought an Indian doesn't deserve this kind of reception ... Never in my life had I thought that a world power such as Russia would receive the Bolivian President, one who is sometimes accused of terrorism, of narcotrafficking, discriminated (against)."

Back to Junior High: Flirting with Russia to Attract Obama

¶7. (U) Morales said he hoped his "historic" visit to Moscow would change the equilibrium of force in the United States, leading President Obama to revisit the politics of President Bush. He added that Moscow's decision to spend "a little of its time with a small country like Bolivia" might serve as an example for the United States. Morales postulated that because Russians were "standing beside" Latin American countries, "relations with the United States are starting to change." "I still have not lost hope that President Obama will change politically, especially (regarding) international relations."

¶8. (SBU) Concrete obligations in the gas agreement have been difficult to come by. Medvedev described the gas agreement as the establishment of a long-term "strategic project," but did not disclose figures. Bolivian state news agency ABI contended Morales "explored a program of petroleum investment of \$4.5 million dollars." Then Bolivian Energy Minister Saul Avalos said in December the Russians were considering signing a \$4 million gas study in Bolivia and setting up a cooperative oil and gas research institute

¶9. (C) In September 2008, Gazprom, Total, and Petroandina (joint venture of Venezuela's PDVSA and Bolivia's YPFB) signed a memorandum of understanding that some industry analysts estimated could mean a \$4.5 billion investment in Bolivia. According to the UK Financial Times, the Bolivian government estimated the February 16 Gazprom agreement, which includes a joint project with France's Total, could be worth \$3 billion, with Venezuelan and Bolivian state petroleum companies investing an addition \$240 million. (Note: Santa Cruz business leaders told us a significant Gazprom deal was unlikely. Reftel a. End Note.)

Evo in Paris: Disputing Total's Investment Total

¶10. (SBU) Morales did little to illuminate exactly what was and was not included in the Gazprom gas agreement during comments he made following a February 17 meeting with Total in Paris. "If they (Total) do not guarantee investment based on the contracts, the Bolivian government has every right to make decisions," Morales told reporters. It was not clear if Morales was referring to the September memorandum of understanding, but media speculated Morales was invoking nationalization to coerce increased investment. The UK's Financial Times, in an article titled "Bolivia Pays a High Price for Nationalization," characterized Morales' Moscow/Paris trip as proof that Bolivia had to "go so far abroad" because it has "driven away technically-able international companies" after nationalizing its energy industry in 2006." Morales met with Bolloré while in Paris, to sell the French industrial conglomerate on Bolivia's lithium reserves for use in electric car batteries (reftel b). Morales also met with Eurocopter, a subsidiary of Airbus parent company EADS, to discuss buying helicopters. He added that French President Nicolas Sarkozy promised to help finance any Eurocopter purchase.

Comment

¶11. (C) The Russian option is, at the moment, still just a promise to work out a deal. The Mi-17s in question also offer no high-altitude flight advantage to the UH-1H, would require a new training and maintenance regime, and the Russians do not appear to be interested in charity, but rather financing, albeit under generous provisions. Although the warm and fuzzy pronouncements of February 16 may eventually result a big purchase, for now Morales' CN efforts will have to rely on our UH-1Hs. End Comment.

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